



# City of Morro Bay FY18 Goal Setting Study Session #2



## FY18 Goal Setting

# Process

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- Similar to past two years – Council to review Goals
- Community, Advisory Board and Staff “objectives” input
- Council to discuss and provides direction
- Jan 10<sup>th</sup>: Study Session #1
- Jan 24<sup>th</sup>: Study Session #2
- Jan 31<sup>st</sup>: Community Goals Forum
- Feb 14<sup>th</sup>: Goals discussion in regular Council meeting
- Feb 28<sup>th</sup>: Target date for Council to approve goals

\*\*Staff will update draft objectives following each meeting.

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FY18 Goal Setting

# Agenda

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1. Update on scheduled **Community Goals Forum**
2. Review **Council / Community Input** from Jan 10 session
3. Preview Draft **Modified Goals**
4. Preview Draft **Goal Descriptors**
5. Review and Discuss Draft **Key Objectives**

**If time allows:**

Consider Rough Draft **City Staff Mission Statement**



FY18 Goal Setting

# Community Goals Forum

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- Council-requested community goals forum schedule for Jan 31<sup>st</sup>.
- “Open House” format – community opportunity to:
  - Engage with Council and staff Goal and Objectives
  - Provide specific input on draft goals (from this study session)
  - Help prioritize draft Council objectives (from this study session)
  - “Vote on” community-proposed objectives
- Brown Act Meeting . . . with strong Council-community interaction.
- Tuesday, January 31<sup>st</sup>, 6pm - ~8pm, Vet’s Hall



## FY18 Goal Setting

# Council Goals Input

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- *Reduce* the number of long-term goals
- Consider *prioritizing* the goals
- Include a paragraph for each goal that more *fully describes* the goal
- Develop a City *mission statement* for essential tasks and services
- *Remove* several of the previous goals, such as “public safety”, “quality of life” and “city operations” that are “normal” things we do, and should be covered in our mission statement
- *Consider some metrics* to measure our progress
- Keep goals and objectives *simple*
- General consensus the following items were likely high-priority community goals:
  - WRF and Water
  - Fiscal Sustainability, including Economic Development
  - Streets and Infrastructure
  - General Plan / Local Coastal Plan



FY18 Goal Setting

# Council Objectives Input

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- *Reduce* the number of annual objectives
- Begin the objective determination process with a *small number of key objectives* and then consider other items to add to the list, versus, starting with a long list and determining what to remove
- Consider additional *internal departmental* objectives that are not Council goals but administrative / management priorities

(Staff is compiling a list of internal staff departmental objectives that will be brought forward into the budget process.)



FY18 Goal Setting

# Public Comment Input

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- Recognize the City has a *real fiscal sustainability problem*
- Focus on *public safety*
- Do a weeknight or weekend *workshop*
- Allow “*anonymous input*” from the public in the goal-setting process
- Develop long term and short term goals. (The City does this, our goals are long-term 4- to 6-year goals and our objectives are 1-year budget objectives.)
- *Reduce* the number of goals and objectives
- Complete a *commercial real estate inventory*
- Have we made any *progress* on goals?



# FY18 Goal Setting

# Goal Review

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## **Retain but Combine / Modify**

Goal #1 - Develop New WRF

Goal #9 - Improve Water Supply Diversification

Goal #5 - Ensure Fiscal Sustainability

Goal #6 - Support Economic Development

Goal #2 - Improve Streets

Goal #7 - Improve City Infrastructure, Facilities and Public Spaces

Goal #3 - Review and Update Significant City Land Use Plans

## **Remove and Include in Mission Statement**

Goal #4 - Maintain Core Public Safety Services

Goal #8 - Enhance Quality of Life

Goal #10 - Improve City Operations





# FY18 Goal Setting

# Draft Goals

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## Goal #1 (Essential Goal)

Complete WRF and One Water Program

## Goal #2 (Essential Goal)

Achieve Economic and Financial Sustainability

## Goal #3 (Important Goal)

Improve Infrastructure and Public Spaces

## Goal #4 (Important Goal)

Review and Update Significant City Land Use Plans



## FY18 Goal Setting

# Goal 1 Descriptor

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### **Goal #1 (Essential Goal) – Complete WRF Project and One Water Program**

**Description:** This essential City goal centers around completion of the City's Water Reclamation Facility (WRF) and includes implementation of a comprehensive water resource policy, program and infrastructure to ensure a sustainable water future. Key items include building the WRF and associated reclamation system, developing a “one-water” policy, and diversifying our water supply toward achieving water independence.

**Duration:** This is a 6-year goal that we intend to complete by July 2023.

**Focus:** This goal includes objectives related to the Water Reclamation Facility, and “One Water” planning and implementation.



# Goal 2 Descriptor

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## **Goal #2 (Essential Goal) – Achieve Economic and Financial Sustainability**

**Description:** This essential goal recognizes the City is not currently able to fund all basic services and requirements at the level our community expects, along with the importance of strengthening and maintaining strong financial management practices. As of January 2017, our General Fund revenues are around 25% below requirements to deliver services the community has grown to expect. This goal centers around economic development and fiscal actions (revenue enhancement, cost control, and sound fiscal practices) that target a 25% increase in revenues, while ensuring sound fiscal management practices are in place.

**Duration:** This is an 8-year goal - the City intends to achieve fiscal sustainability by 2025.

**Focus:** This goal includes objectives related to revenue enhancement, general economic development, cost control, and assurance of sound financial management practices are in place.



# Goal 3 Descriptor

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## **Goal #3 (Important Goal) - Improve Infrastructure and Public Spaces**

**Description:** This important goal centers around substantially improving the City's streets, multi-modal transportation infrastructure, facilities and public spaces. The City does not currently have sufficient revenues to make substantial infrastructure improvements and therefore this goal is contingent on making significant progress on Goal #2 – Achieve Fiscal Sustainability.

**Duration:** This is, at minimum, an 8-year goal.

**Focus:** This goal includes objectives related to streets, bike / pedestrian / parking improvements, City facilities, and beautification of public spaces.



FY18 Goal Setting

# Goal 4 Descriptor

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## **Goal #4 (Important Goal)- Review and Update Significant City Land Use Plans**

**Description:** This important goal centers around completion of the City's General Plan / Local Coastal Plan rewrite, and update of other essential land use documents. While the General Plan is the important task, update of some other land use plans and master plans is also priority.

**Duration:** This is a 2-year goal that should be complete by summer 2019.

**Focus:** This goal includes objectives related to completion of the General Plan / Local Coastal Plan and other important planning documents.



# Goal 1 Draft Objectives

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## Goal #1 (Essential Goal) – Complete WRF Project and One Water Program

1. Complete water/sewer rate study and bring to council for Prop 218 process consideration any increase requirements to fund the proposed WRF.
2. Following CEQA guidelines, bring the WRF Environmental Impact Report (EIR) to Council for approval and certification.
3. Complete and submit the State Revolving Fund loan application with the State Water Control Board for the WRF project, to secure funding for the project.
4. Take appropriate selection action and bring to Council for approval, a contract for the design-build construction delivery of the new WRF.
5. Take all appropriate actions, and bring to Council for information/approval, as required, information that will allow the City to make a decision to achieve water independence - including weaning off State Water and appropriately disposing of (likely leasing) our State water allocation.
6. Budget for, select a consultant, complete, and bring to Council for initial consideration, a “One Water” plan for the City that considers all water resources - from storm water to groundwater to waste water - as a single “water resource”.



# Goal 2 Draft Objectives

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## **Goal #2 (Essential Goal) – Achieve Economic and Financial Sustainability**

1. Promote a balanced economic development approach that retains, expands, and attracts businesses for a strong, stable, complementary, and diverse business environment, including tourism, coastal resources, redevelopment, and conservation.
2. Pursue opportunities and relationships that may result in demolition, remediation and complete redevelopment of the Morro Bay Power Plant in a way that will increase TOT, property tax, and sales tax revenue, while converting a portion of the existing property for public use such as recreation areas, parks, and paths.
3. Take appropriate action, including implementation of specific programs, to increase shoulder-season and off-season TOT-producing visitor nights by 10 % over FY17 levels.
4. Research and bring to Council for decision, incentive programs that would reasonably result in the renovation of some existing hotel stock and deliver higher average daily rates and thus higher TOT revenues.



# Goal 2 Draft Objectives

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## **Goal #2 (Essential Goal) – Achieve Economic and Financial Sustainability**

5. Facilitate private revitalization / redevelopment activities that will result in planning approval for a 3% increase in number of hotel rooms in the City.
6. Help ensure a sound and sustainable financial plan for addressing increasing CalPERS costs.
7. Take proactive action to facilitate the revitalization of underused and unused parcels in commercial districts, including encouraging sales-tax producing digital or other non-impactful industries and businesses providing multiple head of household jobs.
8. Research and bring to Council various approaches for paid parking in downtown and/or Embarcadero areas, including consideration of private/public partnership to develop parking structures.





# Goal 3 Draft Objectives

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## **Goal #3 (Important Goal) - Improve Infrastructure and Public Spaces**

1. Bring to Council for decision an item to consider adding a street improvement tax measure to the November 2018 ballot.
2. Budget for and complete planning for rebuilding of the City-owned access road between the USCG station and the fish dock, in conjunction with planned redevelopment of the “Virg’s” lease site.
3. Seek partnerships, and bring to Council for consideration, that will result in the construction of one or two moderately sized parking garages in waterfront / downtown areas of the City.
4. Bring to Council for decision proposals that result in a public/private partnership redevelopment of the City-owned “Market Plaza” property consisting of the DiStasio’s parcel, and, if appropriate to be included in redevelopment, the “Front Street” parking lot (below DiStasio’s), and the parking lot at Pacific and Market.



# Goal 4 Draft Objectives

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## **Goal #4 (Important Goal)- Review and Update Significant City Land Use Plans**

1. Complete the General Plan / Local Coastal Plan rewrite approved and started in FY16.
2. Complete the zoning update approved and started in FY17.
3. Bring to Council for consideration the results of Code Enforcement outreach on existing codes related to boat, RV and trailer parking / storage on City streets and neighborhoods.
4. Bring to Council for adoption a rewrite of the secondary unit ordinance (updated in FY16) based on changes in State law.
5. Begin community outreach and Council discussion on future use of the 26-acre Atascadero Road site (location of the existing WWTP) to be prepared to begin master planning that site in FY19. (Move to Goal 2?)



# FY18 Goal Setting

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**Back Up Slides**



# Sample Mission Statement

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- Mission statements often include:
  - a **task** – the essential task(s) the organization does
  - a **purpose** - why the task is being performed
- Only **essential** tasks are included in a mission statement.
- Mission, not Vision/Values (being crafted thru GP/LCP process)
- MB Essential tasks are: public safety and infrastructure?

***The City of Morro Bay provides essential public safety and infrastructure services, and selected non-essential services, to provide a safe and organized place for residents and visitors to live, work and play.***



FY18 Goal Setting

# Agenda

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**Long-Term Budget Review**



# Long Term Budget Concern

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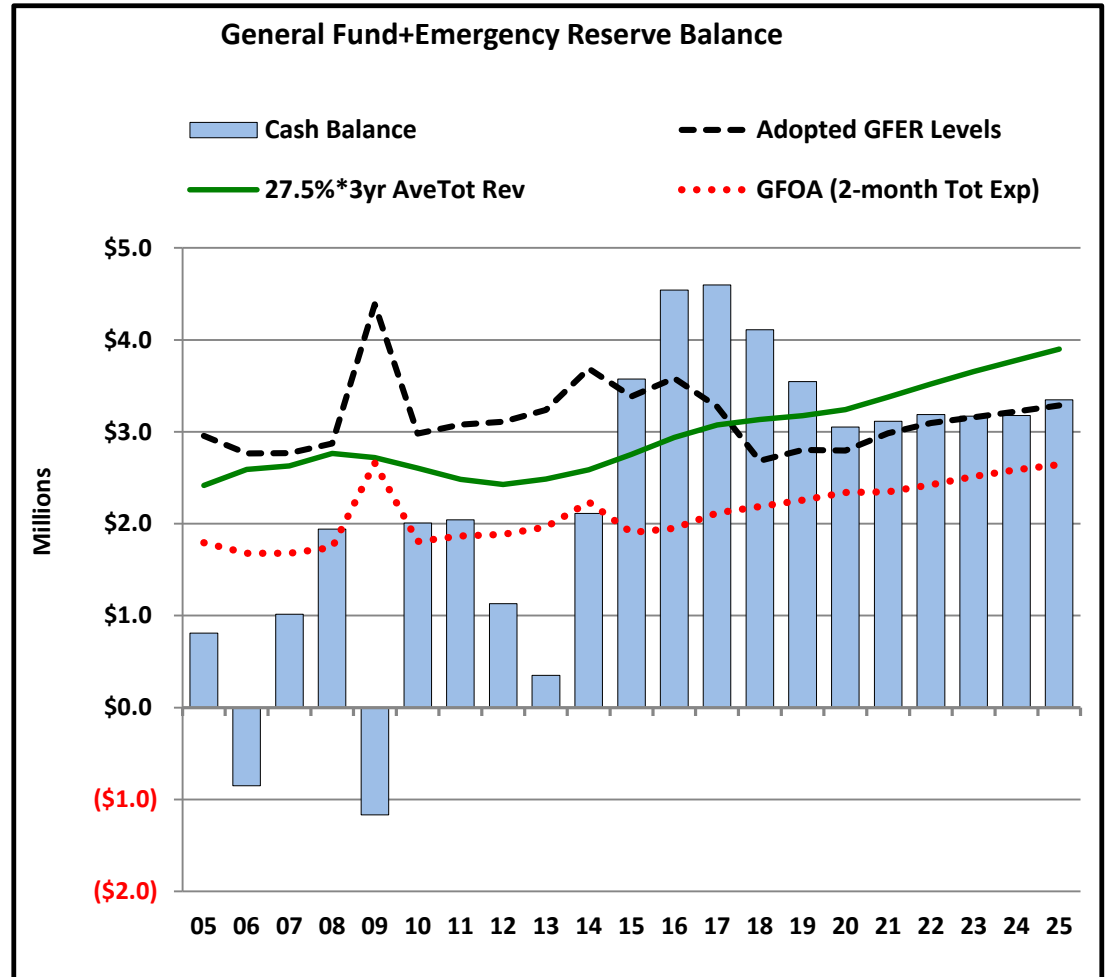
- On Dec 22, 2016 CalPERS board reduced their predicted interest income rate (discount rate) from 7.5% to 7.0%.
- Reducing discount rate requires an *increase* in City contributions to CalPERS.
- MB contribution begin increasing in FY19 (\$120K above last forecast) and reach \$570K in FY23.
- A further cut from 7% to 6.5% is a possibility.
- On Jan 5<sup>th</sup> staff reviewed our draft 10-year budget forecast with the change included.
- This is an initial draft, staff is still reviewing the data but this is likely a reasonable picture of our new situation.



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# Long Term Budget Concern

- Feb '16 forecast
- GFER drops \$1.5M over next 3 years – due to PER and recession.
- GFER stabilizes at \$3M and begins to increase.
- Council adopted interim GFER levels to address the PERS and recession concerns.

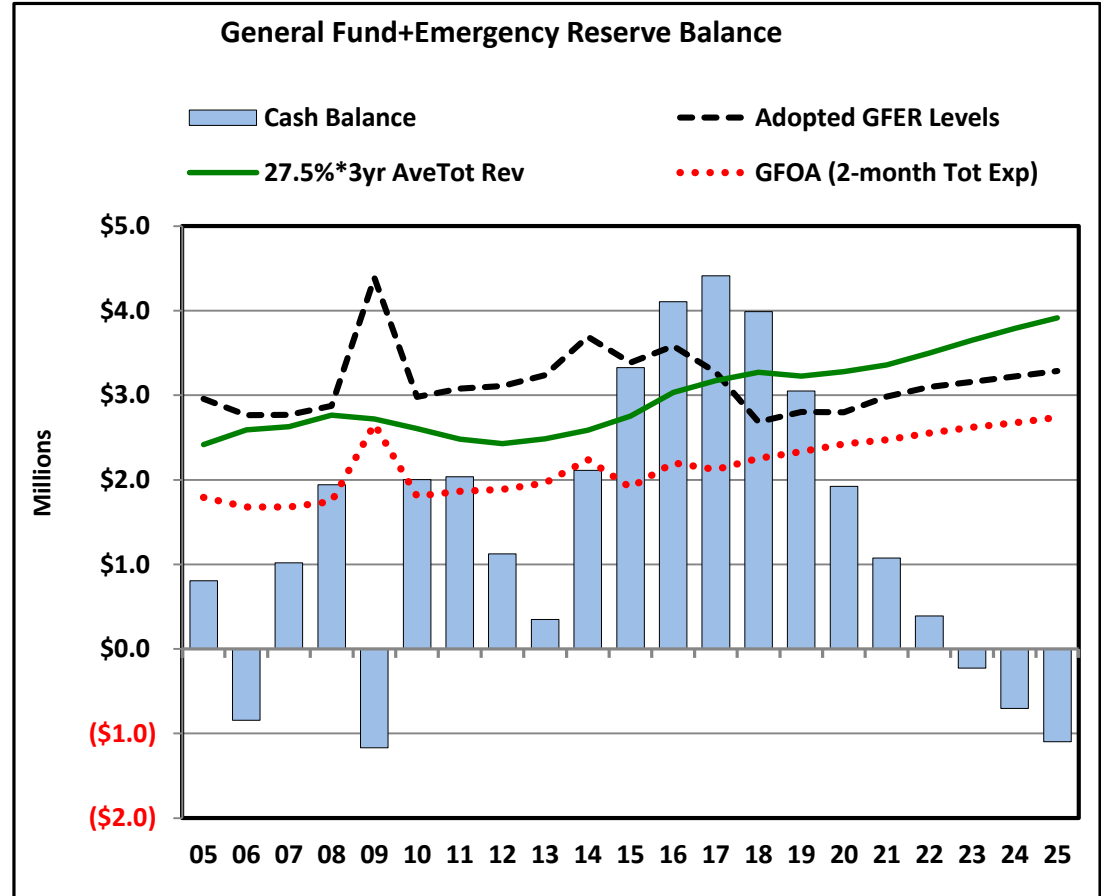




FY18 Goal Setting

# Long Term Budget Concern

- Jan '17 initial draft forecast
- Assumes keeping current service levels.
- Adjusted for new CalPERS discount rate change.
- Assumes further rate drop to 6.5% in 2025
- New \$500-600K/annual CalPERS expense.
- Unsustainable current service levels.



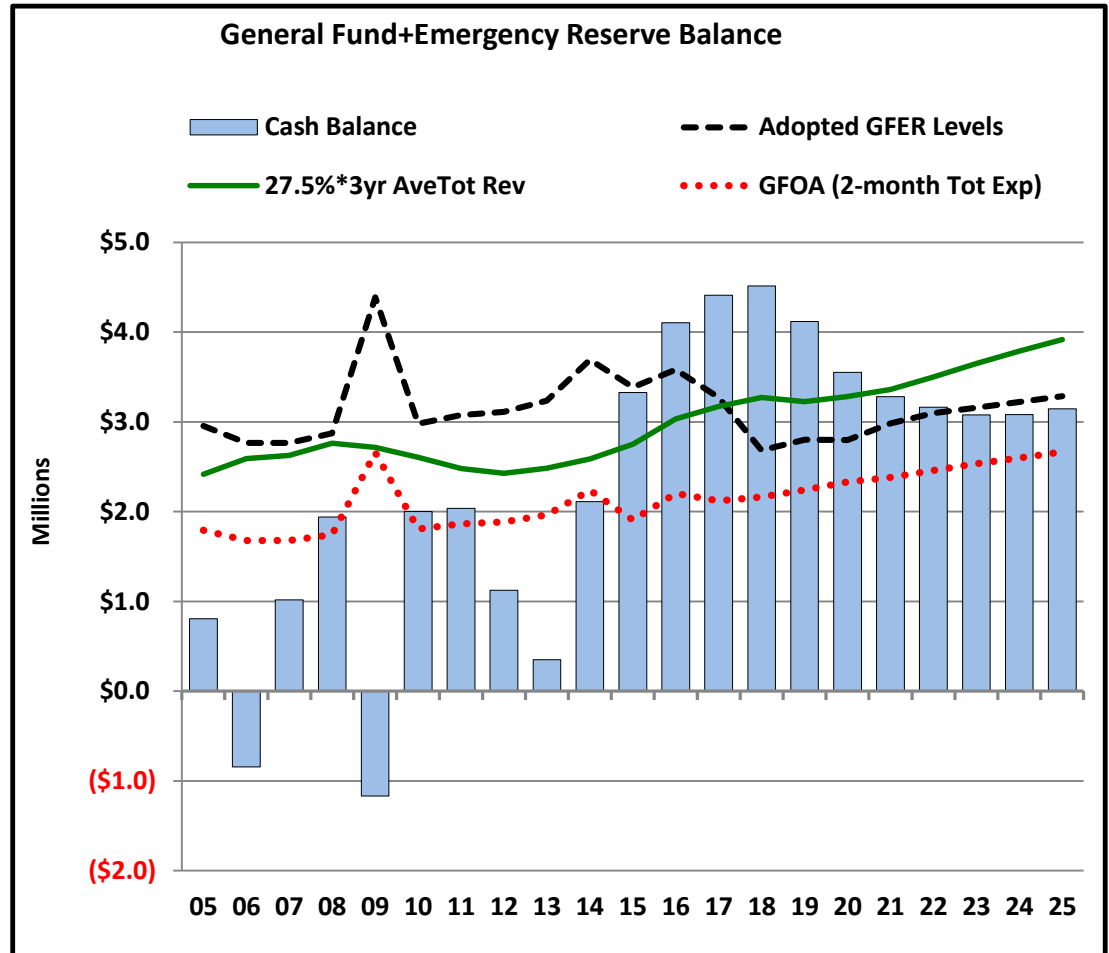




FY18 Goal Setting

# Long Term Budget Concern

- Jan '17 initial draft forecast – adjusted.
- Assumes cutting \$500K/year from current service level.
- We will need to consider service cuts carefully in this years budget.
- Short term – cut services
- Long term – improve revenues?



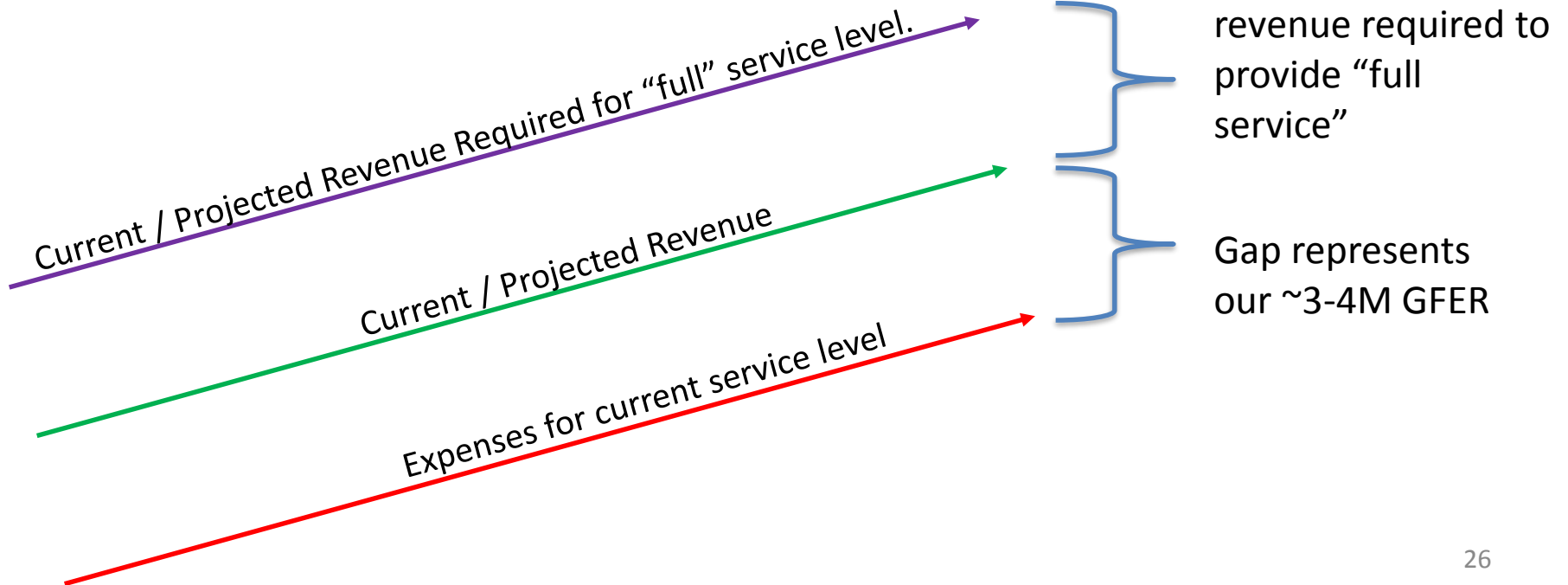


FY18 Goal Setting

# Long Term Budget Concern

## Analysis:

- As of Feb 2016 we could continue to provide current level of service (Rev and Exp increasing at same rate.)
- No reason to believe we could begin to provide “full service” without a significant change in revenue curve.



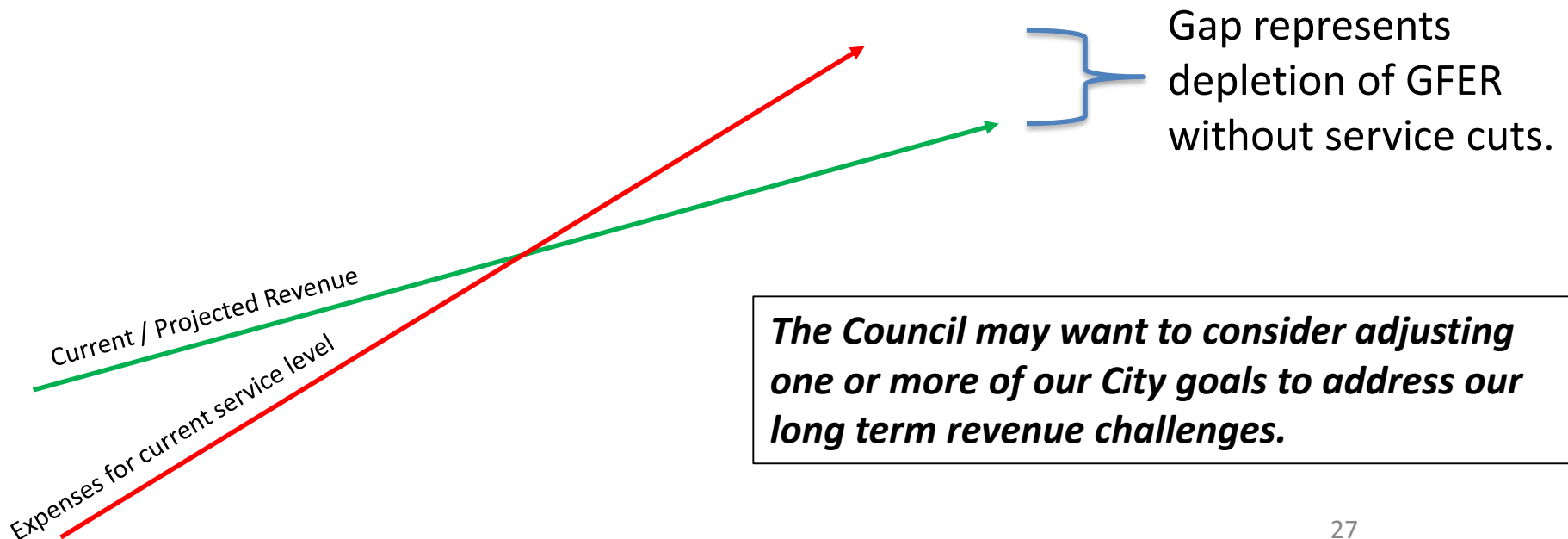


FY18 Goal Setting

# Long Term Budget Concern

## Analysis:

- As of Jan 2017, the expense curve is now steeper than the revenue curve.
- To stay solvent we will likely need to reduce expenses (service levels) in the near term.
- To add those services back, and provide “full service”, we will need to significantly increase revenue.



***The Council may want to consider adjusting one or more of our City goals to address our long term revenue challenges.***



FY18 Goal Setting

# Agenda

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## Long-Term Goals Discussion



## FY18 Goal Setting

# City Goals

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- 1) Develop New WRF
- 2) Improve Streets
- 3) Review and Update Significant City Land Use Plans
- 4) Maintain Core Public Safety Services
- 5) Ensure Fiscal Sustainability
- 6) Support Economic Development
- 7) Improve City Infrastructure, Facilities and Public Spaces
- 8) Enhance Quality of Life
- 9) Improve Water Supply Diversification
- 10) Improve City Operations



## FY18 Goal Setting

# City Goals

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- 1) Develop New WRF
- 2) Improve Streets
- 3) Review and Update Significant City Land Use Plans
- 4) Maintain Core Public Safety Services
- 5) Ensure Fiscal Sustainability
- 6) Support Economic Development
- 7) Improve City Infrastructure, Facilities and Public Spaces
- 8) Enhance Quality of Life
- 9) Improve Water Supply Diversification
- 10) Improve City Operations



## FY18 Goal Setting

# Observations

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- 10 Goals is a lot of goals. Most organizations have 3-6 true “change” goals.
- The 70-90 annual objectives / projects we have had the past two years is also a lot . . Balance projects with programs?
- Goals are not prioritized.
- Result is City may be trying to do too many things at the same time, and not focused on the really important things?



## FY18 Goal Setting

# Observations

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- Some goals are actually core tasks that should be addressed in a more focused City mission statement.
  - Goal #4 - Maintain Core Public Safety Services
  - Public Safety is an essential task
  - Our Public Safety services are relatively strong.
  - Goals are not normally to “maintain” but to “improve / change”.
- Council may consider removing this as a goal and adopting a new mission statement that includes maintaining public safety as a core task.





## FY18 Goal Setting

# Observations

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- Four Goals are associated with infrastructure.
- Three of those with failing / critical infrastructure.
  - Improve City Infrastructure, Facilities and Public Spaces
  - Develop New WRF
  - Improve Streets
  - Improve Water Supply Diversification
- Council may consider combining several of our infrastructure related goals into a single goal.



## FY18 Goal Setting

# Goal Options

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### Goal #1 – Develop New WRF

- Retain and consider 3-5 key WRF objectives this year.
- Since this goal was created we have developed a plan for a new WRF and are on track for construction.
- Remove this goal and identify the 3-5 key WRF-related objectives for this year under a broader “Infrastructure” goal.



## FY18 Goal Setting

# Goal Options

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### Goal #2 - Improve Streets

- Retain this goal and (to be discussed initially at the 1/10/17 Council Meeting) have an objective related to a streets funding ballot measure.
- Council remove this goal and include a street funding measure under a broader infrastructure goal.
- Remove this goal completely and continue on our current street paving program.



## FY18 Goal Setting

# Goal Options

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### Goal #3 - Review and Update Significant City Land Use Plans

- Retain this goal and identify completing the GP/LCP and 1-3 additional key planning objectives.
- The GP/LCP will likely consume most of the Community Development Department staff's available "project time" this year.
- The GP/LCP was the primary focus of this goal and is it fully funded and on a good schedule toward completion in early 2018.
- Remove this goal and add an objective related to the GP/LCP under another goal.



## FY18 Goal Setting

# Goal Options

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### Goal #4 - Maintain Core Public Safety Services

- “Maintaining” core public safety services is a core mission of the city, one that should be explicit in our mission statement.
- Remove this goal and include public safety as a core task in a mission statement.
- Maintain this goal and identify areas requiring improvement as specific objectives.



## FY18 Goal Setting

# Goal Options

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### Goal #5 - Ensure Fiscal Sustainability, and, Goal #6 - Support Economic Development

- Combine these goals into a single goal that explicitly addresses our structural revenue challenge, and
- Identify a set of objectives to help accomplish this goal.
- Maintain these as separate goals and more explicitly address our revenue challenges in associated objectives.



## FY18 Goal Setting

# Goal Options

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### **Goal #7 - Improve City Infrastructure, Facilities and Public Spaces.**

- Modify this goal to include WRF, Streets and Water, or
- Keep this goal for Facilities and Public Spaces, and
- Create a new goal for improvement of failing / critical infrastructure.



## FY18 Goal Setting

# Goal Options

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### Goal #8 - Enhance Quality of Life

- This is a great goal and we can continue to make progress in certain areas.
- However, without improved revenues our ability to complete some costly QOL enhancements is limited.
- The City can conduct some QOL enhancements and can *facilitate* enhancements paid for by non-city approaches.
- If retained, this goal should be prioritized appropriately relative to other goals.





## FY18 Goal Setting

# Goal Options

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### Goal #9 - Improve Water Supply Diversification

- Council might keep this goal.
- This goal is closely related to construction of the WRF / critical infrastructure, and
- The key item we need to work on this year is completing the “One-Water” plan
- Remove and include key items in a broader critical infrastructure goal.



## FY18 Goal Setting

# Goal Options

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### Goal #10 - Improve City Operations

- Council might choose to keep this goal to identify specific areas for staff to continue to improve customer service and community serving processes.
- Or, council could remove this goal to further focus the staff on other critical goals and projects.



# An Option – 6 Prioritized Goals

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**Goal #1 (Essential Goal) – Increase Revenues 25% Above Projections by Dec 2024**

Include Objectives Related to Revenue Enhancement and economic development

**Goal #2 (Essential Goal) – Improve or Replace Failing and Critical Infrastructure**

Include WRF, Streets and Water Objectives

**Goal #3 (Important Goal) - Improve City Facilities, Public Spaces and Mobility**

Include City Beautification, bike / pedestrian / parking objectives

**Goal #4 (Important Goal) - Review and Update Significant City Land Use Plans**

Include GP/LCP and other key planning objectives

**Goal #6 (Desired Goal) - Enhance Quality of Life**

Include all QOL Objectives

**Goal #5 (Desired Goal) - Improve City Operations**

Include all City Operations Objectives



# FY18 Goal Setting **Discussion**

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## **Council Discussion**



# City of Morro Bay FY18 Goal Setting Study Session #1



# FY18 Goal Setting

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**Back Up Slides**



# Sample Mission Statement

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- Mission statement often include:
  - a **task** – the essential task(s) the organization does
  - a **purpose** - why the task is being performed
- Only **essential** tasks are included in a mission statement.
- MB Essential tasks: public safety and infrastructure?

***The City of Morro Bay provides essential public safety and infrastructure services, and selected non-essential services, to provide a safe and organized place for residents and visitors to live, work and play.***



# FY18 Goal Setting

# Objectives

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## Goal #1 – Develop New WRF

- Master Reclamation Plan
- Prop 218 Rate Increase
- Complete EIR
- Loan Application
- Initial Construction Steps





# FY18 Goal Setting

# Objectives

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## Goal #2 - Improve Streets

- Streets Funding Measure



# FY18 Goal Setting

# Objectives

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## **Goal #3 - Review and Update Significant City Land Use Plans**

- Complete GP/LCP
- Complete Code Enforcement Discussion



# FY18 Goal Setting

# Objectives

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## Goal #4 - Maintain Core Public Safety Services

- Maintain Public Safety Services



# FY18 Goal Setting

# Objectives

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## Goal #5 - Ensure Fiscal Sustainability

- Increase Revenue



## FY18 Goal Setting

# Objectives

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### Goal #6 - Support Economic Development

- Encourage redevelopment of MBPP – TOT and Sales Tax
- Plan for future of WWTP site – TOT and Sales Tax
- Increase Shoulder / Off Season lodging stays 10%
- Encourage revitalization of under-used, unused parcels in commercial districts – sales tax and HH jobs
- Encourage renovation of some hotel stock to increase ADR
- Encourage the addition of X new hotel rooms
- Encourage development of a consumer goods shopping area for north coast residents



## FY18 Goal Setting

# Objectives

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### **Goal #7 - Improve City Infrastructure, Facilities and Public Spaces.**

- Continue ADA improvements
- Identify methods to complete Centennial Parkway improvements
- Replace Del Mar Park bathroom
- Repair access road at fish dock



## FY18 Goal Setting

# Objectives

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### Goal #8 - Enhance Quality of Life

- Open Community Pool
- Start fall weekend concert series at the Rock
- Start weekend concerts in conjunction with Farmers Market



# FY18 Goal Setting

# Objectives

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## Goal #9 - Improve Water Supply Diversification

- Complete “one-water” plan.





## FY18 Goal Setting

# Objectives

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### Goal #10 - Improve City Operations

- Complete customer service training and systems implementation (phone system, email responses, etc)
- Complete city server disaster protection move
- Implement records management improvements
- Begin digital backup of city records



FY18 Goal Setting

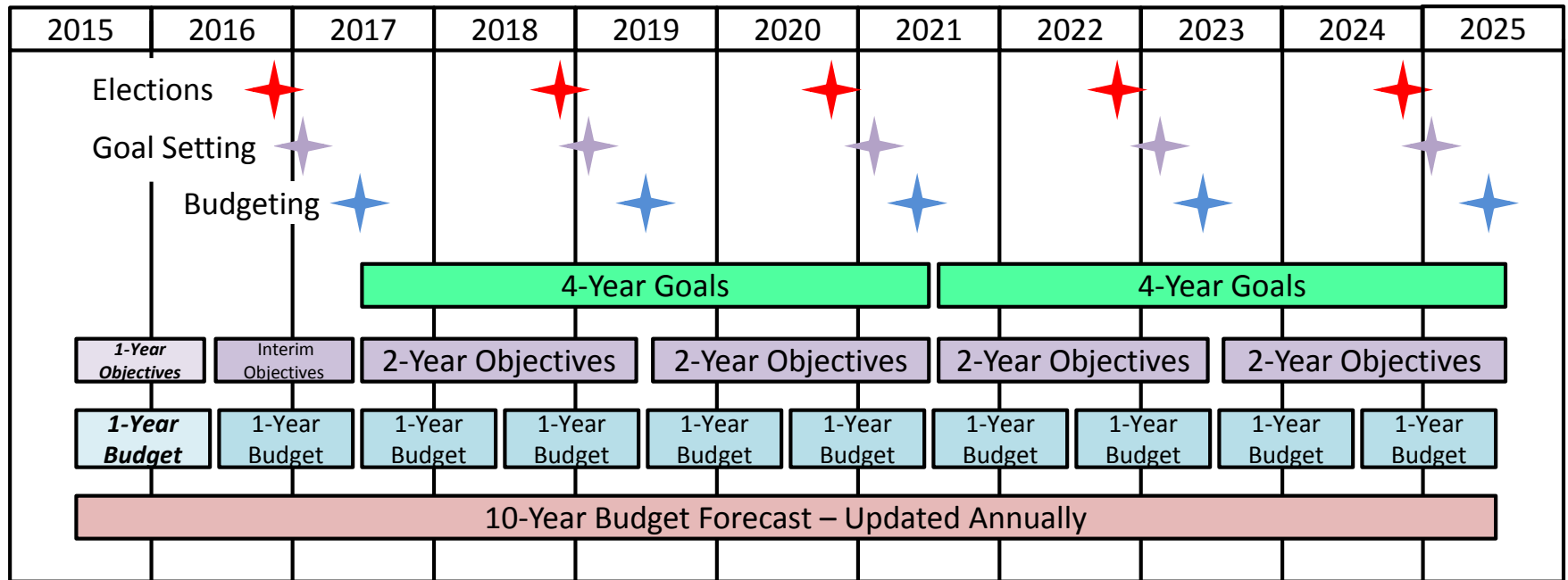
# City “Hierarchy of Needs”


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# City of Morro Bay

## *Strategic Planning and Budgeting Framework*



 Elections – Nov of even years, new Council seated in early January

 Biennial Planning – Every other year in Jan and Feb Council updates 2-year objectives. every 4<sup>th</sup> year Council also updates 4-year goals.

 Biennial Budgeting – Every other year in May and Jun Council updates approves a 2-year budget.

**Overview.** Transition from currently approved Goals / Objectives / Budget to the proposed 4-2-1 Goal / Objective / Budget framework:

- Jan/Feb 2016: Council conducts goal setting to affirm existing goals and sets interim City Objectives for FY16/17
- Apr / May 2016: Council develops and adopts FY16/17 budget.
- Dec 2016 – Feb 2017: New Council develops new goals and sets FY17/18 objectives consistent with the proposed Planning and Budgeting Framework.